

Message Text

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PAGE 01 STATE 254788

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FM SECSTATE WASHDC

TO AMEMBASSY ASUNCION

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E.O. 11652: N/A

TAGS: BEXP,

SUBJECT: ITAIPU - INDUSTRIAL ZONE DEVELOPMENT

REF: ASUNCION A-87, SEPTEMBER 25, 1975

1. MAJOR EXPORT PROJECTS DIVISION DISCUSSED REPAIR WITH REYNOLDS INTERNATIONAL. MR. GORDON E. WHITE, MANAGER OF THE REDUCTION DIVISION IS PLANNING TO ARRIVE ASUNCION NOVEMBER 3 AT 1400 ON LAP FLIGHT NUMBER PZ701. WHITE ASKED THAT EMBASSY PLEASE MAKE HOTEL RESERVATION FOR HIM AT GUARANI HOTEL (OR ANY OTHER HOTEL EMBASSY RECOMMENDS). HE PLANS TO STAY AS LONG AS IS NECESSARY TO EVALUATE THE POSSIBILITIES OF THEIR PARTICIPATION IN THE INDUSTRIAL ZONE DEVELOPMENT PROJECT HOWEVER PRESENTLY PLANS FOR TEN DAY STAY.

2. REYNOLDS HAS REQUESTED EMBASSY ASSISTANCE IN ESTABLISHING APPOINTMENTS WITH RESPONSIBLE PARAGUAYAN OFFICIALS IN MINISTRIES OF INDUSTRIES, TRANSPORT AND THE BINATIONAL POWER COMPANY TO DETERMINE EVALUATE THE PERIMETERS CRITICAL TO A 280,000 TPY REDUCTION FACILITY
UNCLASSIFIED

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PAGE 02 STATE 254788

COSTING 600-700 MILLION DOLLARS. PARTICULAR EMPHASIS WILL

BE ON THE SCHEDULED AVAILABILITY OF ITAIPU POWER, POWER

COSTS, TRANSPORTATION AND OTHER ECONOMIC FACTORS RELATING TO THE PROJECT. WHITE PLANS TO VISIT RIO DE JANEIRO AND/OR BRAZILIA (TO REINFORCE HIS FINDINGS IN ASUNCION) FOR DISCUSSIONS WITH EMBASSY, CONGEN AND ITAIPU PROJECT DESIGN/ENGINEERING OFFICES. WHITE ALSO PLANS TO VISIT POTENTIAL INDUSTRIAL SITES AND THE ITAIPU SITE WITH A PARTICULAR VIEW TO TRANSPORT TO THE SITE OF ALUMINA FEED, COKE, PITCH AND OTHER RAW MATERIALS AND SHIPMENT OF PRODUCT.

3. WHITE HAS A TWO PAGE OUTLINE LISTING THE TYPE OF INFORMATION HE IS GATHERING FOR THIS EVALUATION. TYPICAL ITEMS ARE:

- A. POWER AVAILABILITY
 - (1) NEW HYDRO POWER SOURCES AND SCHEDULES
 - (2) PLANS FOR NUCLEAR OR THERMAL POWER (IN ADVANCE OF HYDRO COMING ON STREAM).
 - (3) HE WOULD LIKE TO REVIEW EXISTING POWER GRID AND PLANNED POWER DISTRIBUTION GRID.
 - (4) PROPOSED RATES FOR UNIFORM INDUSTRIAL USERS.
- B. TRANSPORTATION: REVIEW OF RAILROADS, WATER, ROAD AND AIR TRANSPORT SYSTEMS.
- C. PERSONNEL: REVIEW OF HOUSING AVAILABILITY AND GOVERNMENT POLICIES, LOCAL TRANSPORTATION, EXPATRIATE ACCEPTABILITY AND PORTABILITY OF
 - PERSONNEL, SCHOOL SYSTEM AND GOVERNMENT POLICY TOWARD SCHOOLS, SHOPPING FACILITIES.
- D. SALARIED PERSONNEL: ENGINEERING, MANAGEMENT ADMINISTRATION, FINANCIAL AND OTHER SKILLS AVAILABLE - UNIVERSITIES AND TRAINING PROGRAMS AVAILABLE - WORKING VISAS AND PERMITS FOR EXPATRIATES - WILLINGNESS OF WORKERS TO MOVE TO PLANT SITE AREA.
- E. LABOR: COSTS, QUALITY, UNIONS, PRODUCTIVITY, TRAINING AND EDUCATIONAL LEVELS.

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PAGE 03 STATE 254788

- F. IMPORT TARIFFS ON NEW PLANT AND CONSTRUCTION EQUIPMENT, RAW MATERIALS - OTHER IMPORT FEES - INCENTIVES FOR EXPORT.
- G. TAXES: CORPORATE, PROPERTY, PERSONAL AND OTHER TAXES.
- H. BUILDING SITE AND CONSTRUCTION INFO: BUILDING
 - MATERIAL AVAILABILITY, DOCK FACILITIES, SOIL

--- CONDITIONS, HISTORY OF EARTH TREMORS, WIND AND
--- PRECIPITATION HISTORY, RAIL AND ROAD ACCESS,

--- POTABLE AND PROCESSED WATER, AMBIENT AIR AND
--- CLIMATE CONDITIONS, LOCAL CODES, BUILDING AND
--- OPERATING PERMITS, LOCAL CONTRACTORS, POLLUTION
--- STANDARDS.

--- I. POLITICAL

4. MR. WHITE WILL APPRECIATE WHATEVER EMBASSY CAN DO
TO ASSIST IN STEERING HIM TO APPROPRIATE SOURCES OF
INFORMATION AND IN DEVELOPMENT OF ANY APPOINTMENTS. HE
SPEAKS NO SPANISH AND WILL REQUIRE EITHER A PROFESSIONAL
INTERPRETOR OR OTHER ASSISTANCE. EMBASSY IS REQUESTED TO
ADVISE MEPD IF WHITE'S REQUEST CAN BE ACCOMODATED. WILL
APPRECIATE WHATEVER CAN BE DONE TO FACILITATE WHITE'S
VISIT. KISSINGER

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